

Message Text

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PAGE 01 MANAMA 00075 110612Z
ACTION NEA-10

INFO OCT-01 ISO-00 L-03 EB-08 H-01 CIAE-00 INR-07
NSAE-00 STR-06 TRSE-00 OMB-01 /037 W
-----113841 111014Z /15

R 100800Z JAN 78
FM AMEMBASSY MANAMA
TO SECSTATE WASHDC 5617
USDOC WASHDC
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DA KSCUS
AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MUSCAT

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E.O. 11652: N/A
TAGS: ETRD, XF
SUBJECT: ARAB BOYCOTT: SHIP CERTIFICATION

REF: (A) 77 DOHA 1137 (B) 77 STATE 306950

1. MANAGER OF LOCAL BRANCH OF CONTINENTAL BANK LTD, DAVID GILLESPIE, CALLED ON EMBASSY TO STATE THAT BANKS ARE REACHING FINAL DECISION STAGE ON L/C LANGUAGE REGARDING SHIPPING. ON TWO L/C'S WITH 90 DAY DEFERRED TERMS WHICH EXTENDED BEYOND JUNE 21, 1978 DEADLINE, HIS BANK HAS REFUSED TO OPEN L/C'S AS THE NEGATIVE CERTIFICATION USING TERM BLACKLIST WAS REQUIRED; AS THIS SITUATION HAS ONLY ARISEN IN THE PAST FEW DAYS, A FULL READING OF BAHRAINI REACTION IS NOT AVAILABLE BUT DISCUSSION WITH SEVERAL GOB, CHAMBER OF COMMERCE AND BANKING OFFICIALS HAD NOT SHOWN
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MUCH GIVE IN GOB ADHERENCE TO NEGATIVE CERTIFICATE ON BLACKLISTED SHIPS. BANK MANAGER SAID THAT GOB READILY ACCEPTED LANGUAGE IN OTHER L/C CLAUSES WHICH IS ACCEPTABLE UNDER U.S. LAW AND REGULATIONS.

2. EMBASSY IS AWARE OF WASHINGTON'S DESIRE NOT TO PROVIDE GENERAL GUIDANCE THROUGH FOREIGN SERVICE POSTS AS EXPRESSED

IN REF (B) BUT HOPES THAT SOME GUIDANCE CAN AND WILL BE FORTHCOMING ON THIS LAST MAJOR PROBLEM AREA IN OUR ANTI-BOYCOTT REGULATIONS. WE DISLIKE TELLING OUR AMERICAN BUSINESSMEN TO EITHER AVOID ALL BUSINESS IN WHICH THERE IS A POTENTIAL FOR CONFLICT BETWEEN HOST AND US LAWS OR TO PROCEED, WITH THE POSSIBILITY THAT DIFFERENCES WILL BE RESOLVED IN US COURTS.

3. WE WOULD APPRECIATE SOME READING FROM WASHINGTON ON THE QATARI FORMULATION OUTLINED IN REF (A). IT APPEARS HERE THAT THIS SHOULD MEET THE REQUIREMENTS OF U.S. LAW AS IT INCLUDES THE NEGATIVE CERTIFICATION RE ISRAELI FLAG SHIPS AND ROUTING VIA ISRAELI PORTS WHICH OUR LAW SPECIFICALLY PERMITS AND ADDS ONLY A POSITIVE CERTIFICATION ON COMPLIANCE WITH HOST COUNTRY ENTRY REQUIREMENTS IN GENERAL. CERTIFICATION ON COMPLIANCE WITH RECEIVING-COUNTRY LAWS IN GENERAL IS EXPLICIT IN MANY INTERNATIONAL COMMERCIAL TRANSACTIONS AND IMPLICIT IN ALL.

4. IN THE MEANTIME, GILLESPIE HAS BEEN ENCOURAGED TO APPROACH THE GOB AND CHAMBER OF COMMERCE JOINTLY WITH OTHER BANKS TO PRESENT ALTERNATIVE LANGUAGE FOR FORMAL APPROVAL. HE WILL TRY FIRST TO SECURE APPROVAL OF LANGUAGE COVERING ONLY THE PRIMARY BOYCOTT OF ISRAELI VESSELS AND PORTS. BANKERS WILL ATTEMPT TO FORMULATE AFFIRMATIVE ADDITIONAL LANGUAGE AS A FULL-BANK POSITION. THE GOB IN ITS TRADITIONAL OFFICIAL USE

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TIONAL ROLE AS A FOLLOWER IN BOYCOTT AFFAIRS IS HIGHLY UNLIKELY TO PROPOSE ITS OWN ALTERNATIVE LANGUAGE. IT WOULD PROBABLY GRASP SOMETHING LIKE THE QATARI FORMULATION IF IT HAD AN INDICATION THIS WAS ACCEPTABLE TO THE U.S. EMBOFF WILL SEEK APPOINTMENTS WITH GOB AND CHAMBER OF COMMERCE TO DETERMINE VIEWS ON THIS SUBJECT.
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